

How to write a Business Plan?

Business Plan Writing The basics MI BUSINESS MANAGEMENT SOLUTIONS LTD.

Business Plan Outline

Typical Table of Contents

-  Executive Summary
-  Company Summary
-  Products
-  Market Analysis Summary
-  Strategy and Implementation
-  Management Summary
-  Financial Plan
-  Appendices

The Executive Summary

- Apart from the fact that it appears first, The Executive Summary is actually the final section to be written.
- The executive summary should be two pages' maximum.
- It summarizes the entire plan.
- Make it lively and exciting to capture and keep the reader's interest.
- Write it as if you were a consultant who was hired to write this plan for another.
- Contains approximately a paragraph about the other 7 sections.
- It is written in the third person, just like the rest of the text.
- Not everybody reads the details.
- Make sure that your Executive Summary is easy to understand, clear and concise.
- Market yourself here.

The Company

- Within this section introduce the business in more detail.
- Outline the type of business.

- Include company History
- Explain each product and Service available within the company
- Break this section down into subsections
 - ❖ General Business Overview
 - ❖ Company Structure
 - ❖ Location
 - ❖ Key Personnel
 - ❖ Goals and Objectives
 - ❖ Strengths and Weaknesses
 - ❖ Mission and Vision Statements
- General Business Overview
 - ❖ Give a description of the business and where it fits into the marketplace
 - ❖ Describe what needs the business will be filling and how
 - ❖ Describe the markets that will use your business and any business history

REMINDER

- Write your plan in the 3rd person. DO NOT use I, we, our, mine, my or any other possessive terms when writing your business plan
- Refer to the business, the owner, ABC Company, The Company, The Store etc.
- Accentuate the positives
- Avoid "Wishing and Hoping" Change words like "think" to "Know", change "if" to "when", change "hope" to "will" etc.
- Company Structure
 - ❖ Are you a sole proprietor, partnership or an incorporation?
 - ❖ Outline the corporate structure ∪ List any shareholders, partners and incorporation information.

➤ Location

- ❖ Describe the location
- ❖ its benefits
- ❖ amenities and accessibility to customers
- ❖ Explain why you chose this location Indicate freight routes, traffic statistics (municipality), area demographics (newspaper) and growth rate
- ❖ Details of parking and zoning
- ❖ Cost of Lease or Mortgage plus taxes & utilities
- ❖ Outline any renovations or alterations to be done.

➤ Goals and Objectives

- ❖ Outline the goals and objectives of the company.
- ❖ Identify if these goals are long or short term and approximately how long it will take to achieve them
- ❖ Make them smart and sensible goals.

➤ Strengths and Weaknesses

- ❖ SWOT Analysis
- ❖ What are the strengths of the business?
- ❖ Stress where & why you excel
- ❖ Discuss any weaknesses and vulnerabilities of the business and what the plan is for mitigating or overcoming them
- ❖ DO NOT include marketing strengths and Weaknesses as they will be covered in the marketing section

➤ Mission and Vision Statements

- ❖ The Mission Statement describes your company philosophy. This should only be approximately a couple of lines, sometimes only a sentence or a small number of words is needed.
 - ❖ The Vision Statement describes how you see your company in the future.
 - ❖ A Mission Statements is uniquely yours, try looking at other companies within your field to help think of an idea.
 - ❖ The Mission Statement shows your commitment to the business and its customers and provides a written promise for you to keep.
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- This is the end of section 2 of your business plan and might be a good place to review what you have written up to now. Edit and refine it before moving on.
 - Get someone else to proof your work for you.
 - Make all your corrections and save to your computer AND your flash/hard drive.
 - Save as often as possible and keep it up to date.
 - Check for & eliminate all the I, we, us, own, our references. Remember to write in third person

Products and Services

- Product Description
 - ❖ Describe your products and/or services.
 - ❖ List the Benefits of your products or service.
 - ❖ Describe your advantages and how you are above the competition
 - ❖ Realistically assess the amount of work you can do. (Out put)
 - ❖ Describe the business developmental stage.
 - ❖ List any potential or current contracts, as it demonstrates already potential income
 - ❖ If you have orders or letters of intent include them in the appendix

- Cost of Sales

- ❖ Give detail of your profit margins on individual products and services.
 - ❖ Show how much your products sell for and the cost of raw materials, emphasizing profits
 - ❖ If you are a reseller, quote the cost to you including freight, packaging, wages, etc.
 - ❖ Argue the expected profit margins and don't forget to explain how the business will maintain them through expansion and/or market fluctuations.
- Future projections
- ❖ Include this information if you plan any future expansion or development
 - ❖ List any possible threats and/or opportunities.
- Legal Concerns
- ❖ If your business involves legal considerations like copyrights, patents, trademarks or special licenses, include it here.

REMINDER TIME AGAIN

- Don't make speculations that cannot be backed up
- Support any statements that you make with facts.
- Quote your sources when citing demographics etc.
- Include a copy of the source in the appendix
- Add a note like "See appendix 3a" in brackets near the statement or insert numbered footnotes in the footer
- Ensure your pages are numbered and your company name appears at least once on every page.



Marketing Strategies

- Market Research

- ❖ An analysis of today's market and trends
- ❖ Past and future industry trends
- ❖ Your target market size and demographics
- ❖ Your ideal customer profile
- ❖ Your realistic projected market share
- ❖ Geographic Boundaries
- ❖ Seasonal Trends
- ❖ Customer Service policies
- ❖ Strengths and weaknesses
- ❖ Market Survey Results
- ❖ Use a synopsis version of your market survey here but include how many people you contacted, what questions you asked and what the responses were.
- ❖ Convert answers into percentages.
- ❖ Include a sample survey form in the appendix.

➤ The Competition

- ❖ Identify the current competition, their size and market share
- ❖ Analyse the strengths and weaknesses of the competition
- ❖ Demonstrate how you plan to overcome their strengths and target their weaknesses. Emphasize how this makes your company unique and stand out from the rest v Your Company's SWOT analysis
- ❖ What will it cost to remain competitive, are you still making profit?

➤ Marketing and Sales Strategies

- ❖ This is the plan within the plan. Outline exactly how you plan on finding potential customers.
- ❖ A positive marketing plan includes a mixture of methods, including the use of various media, promotional methods, and a range of techniques.
- ❖ Describe what promotional and media methods you plan on using
- ❖ Outline any special services or policies
- ❖ Define target market that each method is aimed at
- ❖ What is the effectiveness of each method?

- ❖ How frequently will you use which media & why?
- ❖ How will you track results?
- ❖ How will you sell your product or service?
- ❖ Will you be wholesale, retail or direct sales?
- ❖ Will you use representatives, agents, distributors or staff?
- ❖ Incentives or sales bonus schemes?
- ❖ What is the realistic potential reach of your sales force?

Operational Information

➤ Overhead Costs

- ❖ Explain your estimated overhead costs and demonstrate a break even point.
- ❖ A detailed explanation will be included in your financial projections so don't go into great detail here.
- ❖ A brief summary of monthly expenses.

➤ Suppliers

- ❖ List your suppliers
- ❖ What are their terms of credit?
- ❖ How much lead time between order and delivery?
- ❖ Make note of any personal guarantees you had to sign in order to obtain credit.

➤ Quality Control

- ❖ Describe your policies on quality control.
- ❖ Describe any hazards or environmental risks and how you propose to deal with these obstacles.
- ❖ Describe any special safety measures or procedures relevant to the production of your product.

➤ Distribution

- ❖ Outline how your products will be delivered or distributed and any competitive advantages to your methods.

➤ Employees

- ❖ List any staff positions along with their job descriptions, areas of responsibility and expected salaries.

➤ Assets and Equipment

- ❖ List any buildings owned.
- ❖ List any equipment already on hand.
- ❖ List any equipment to be purchased.
- ❖ Provide a price and life expectancy for each asset.

➤ Advisory Board

- ❖ Identify the members of your advisory board & give their backgrounds & qualifications.

➤ Insurance policies

- ❖ List the various insurance policies that you will take out and their individual costs.
- ❖ Liability v Fire and Theft
- ❖ Worker's Compensation
- ❖ Employment Insurance
- ❖ Key Management and/or Key Employee Insurance

➤ Licenses and permits

- ❖ List any licenses or permits that your business requires to operate and their assorted costs.
- ❖ Include your business registration information.
- ❖ Include your business permit.

Financial Information

- The Viability of your business culminates in this section when you prepare projections of income & expenses, cash flow forecasts and when you review how much money you may require.
- Even if you plan to be self funding, projections and cash flows facilitate making sound management decisions now and in the future.
- Projections of income & expenses
 - ❖ Include a month by month estimation of sales and expenses
 - ❖ Include start up costs
 - ❖ Itemize by the month that revenue was generated and the month when the costs were incurred.
 - ❖ Be conservative with revenues and practical with expenses.
 - ❖ Make sure the bottom line indicates profits or losses.
- Cash Flow Forecasts
 - ❖ A cash flow forecast differs from projections as it estimates when revenues will be received (as opposed to generated) and when expenses will be paid.
 - ❖ Includes income from loans and other sources.
- Financial Statements
 - ❖ Banks require a projected balance sheet and at least 2 years of financial statements.
- Capital Expenses
 - ❖ Include a list of capital spending such as asset purchases or building renovations (leasehold improvements)

➤ Net Worth Statement

- ❖ Net Worth Statements indicate the stability of the key management players
- ❖ List the owner's personal assets, liabilities & net worth

Funding Requirements

- If you need to borrow, explain how much you need, what you are going to use it for and how and when you will repay the loan.
- Explain how you plan to secure the loan and with what assets.
- Show the amount borrowed in your financials and include the monthly payments in your cash flow projections.
- If seeking an investment partner, indicate the share of the company available in exchange for investment.
- When you need the money & how much
- The type of loan you are applying for
- The desired terms of payment
- A breakdown of how you will use the funds
- Any future funding requirements
- Any expansion plans.

Appendix

- Up to Date Financial Statements
- Personal Statements of Net Worth
- Letters of Reference or Letters of Intent
- Product Photos and brochures
- Relevant Newspaper articles or internet downloads
- Resumes of Key employees or partners
- Incorporation or business registration papers
- Cash flow projections and sales forecasts
- Permits
- Licenses
- Trademarks or Patents

- Market Surveys
- Equipment and Asset appraisals
- Partnership or employment agreements
- Insurance policies
- Mortgages or Leases

Getting it done!

- Review the various sections frequently
- Save often ∪ Save in more than one location
- Get someone to proof read it and edit it
- Get more than one person to proof read it
- Present it to your advisory board and request feedback.
- Spell check it
- Print it on high quality paper and bind it in a quality cover.

Thank you for your time MANAGING YOUR BUSINESS WITH MI BUSINESS
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